

Grace Cottage Hospital

Fiscal Year 2016 budget analysis

Report Date:

8/14/2015

Grace Cottage Hospital

Roger Allbee - CEO

Stephen Brown - CFO

Summary Budget to Budget Increase

The 2016 budget shows a 2.2% increase over the 2015 budget. This includes an increase of \$39,000 in health care investments.

Utilization is budgeted at -20.7%. This occurred in part because of optimistic plans at GCH when they prepared the 2015 Budget. The budget includes a 6.5 increase in FTEs (3.7 non-MD, 2.3 Travelers and .6 MD). GCH is working to reduce the current level of Travelers from 3.9 to 2.3 (all nurses) by the beginning of the fiscal year. Grace's productivity measures are trending unfavorably.

The operating surplus is budgeted at -2.7% of net revenues as they continue to try to build a positive margin but have been unable to do so. The balance sheet is stable and net assets are increasing.

The commercial cost shift is decreased by \$112,000 with primarily Medicare increasing.

Issues to Address at the Hearing

Discuss your rate increase and your estimates for reimbursement.

Discuss your plans to around negotiating better reimbursement ("commercial ask").

Discuss the trends being seen in bad debt and free care.

Explain the various changes in utilization presented in the budget.

	2014A	2015B	2015P	2016B	B15-B16 Change	B15-B16 % Change
Net Patient Care Revenue	\$ 15,543,287	\$ 17,980,282	\$ 16,086,867	\$ 18,375,041	\$ 394,759	2.2%
Other Operating Revenue	\$ 800,262	\$ 1,046,102	\$ 934,889	\$ 1,062,338	\$ 16,236	1.6%
Total Operating Revenue	\$ 16,343,549	\$ 19,026,384	\$ 17,021,756	\$ 19,437,379	\$ 410,995	2.2%
Total Expenses	\$ 17,479,354	\$ 18,904,899	\$ 18,259,519	\$ 19,969,438	\$ 1,064,539	5.6%
Net Operating Income	\$ (1,135,805)	\$ 121,485	\$ (1,237,763)	\$ (532,059)	\$ (653,544)	-538.0%
Operating Margin %	-6.9%	0.6%	-7.3%	-2.7%	-3.4%	

Grace Cottage Hospital

Key Indicators	Actual 2013	Actual 2014	Budget 2015	Projected 2015	Budget 2016	Actual 2014-Budget 2015	Budget 2015-Budget 2016
Utilization							
Acute Care Ave Daily Census	1.4	1.5	1.7	1.2	1.2	0.2	-0.5
Total Average Daily Census	10	12	12	10	10	0	-1.2
Acute Average Length of Stay	3.0	3.1	3.2	3.2	3.2	0.1	0.0
Acute Admissions	169	179	194	142	142	15	-52.0
Total Beds (Staffed)	19	19	19	19	19	0	0.0
Adjusted Admissions	3,089	2,933	3,263	2,336	2,586	330	-676.9
Adjusted Days	9,396	9,142	10,546	7,451	8,250	1,404	-2,295.9
Capital							
Age of Plant	6.7	7.7	10.2	10.3	16.0	2.5	5.8
Long Term Debt to Capitalization	27.5%	25.6%	16.7%	24.1%	21.4%	-9.0%	4.7%
Capital Expenditures to Depreciation	27.8%	12.5%	81.0%	77.9%	161.7%	68.5%	80.7%
Debt per Staffed Bed	251,961	243,811	196,643	308,447	299,792	-47,168	103,149
Net Prop, Plant & Equip per Staffed Bed	270,115	204,253	193,995	190,983	216,528	-10,259	22,533
Debt Service Coverage Ratio	1.1	1.6	2.5	0.0	0.4	0.9	-2.1
Revenue							
Deduction %	24.9%	32.4%	26.7%	27.5%	28.7%	-5.7%	2.0%
Bad Debt % of Gross Revenue	3.5%	2.7%	2.3%	2.3%	2.4%	-0.4%	0.1%
Free Care % of Gross Revenue	1.5%	1.4%	2.0%	0.9%	1.0%	0.5%	-0.9%
Operating Margin %	-6.4%	-6.9%	0.6%	-7.3%	-2.7%	7.6%	-3.4%
Total Margin %	-0.5%	-2.7%	2.7%	-0.7%	0.2%	5.4%	-2.5%
All Net Patient Revenue % of Gross Rev	74.0%	67.6%	73.3%	72.5%	71.3%	5.7%	-2.0%
Medicare Net Patient Revenue % of Gross Rev (incl Phys)	89.6%	79.0%	84.8%	85.3%	84.4%	5.8%	-0.4%
Medicaid Net Patient Revenue % of Gross Rev (incl Phys)	45.8%	37.6%	53.1%	43.7%	43.4%	15.4%	-9.7%
Comm/self pay Net Patient Revenue % of Gross Rev (incl Phys)	62.5%	63.2%	65.2%	64.6%	63.6%	2.1%	-1.6%
Productivity							
Adjusted Admissions Per FTE	23.2	23.3	23.8	17.9	18.4	0.5	-5.4
FTEs per 100 Adj Discharges	4.3	4.3	4.2	5.6	5.4	-0.1	1.2
Overhead Expense w/ fringe, as a % of Total Operating Exp	32.5%	33.7%	34.4%	33.7%	34.4%	0.7%	0.1%
FTEs Per Adjusted Occupied Bed	5.2	5.0	4.7	6.4	6.2	-0.3	1.5
Cost							
Cost per Adjusted Admission	5,644	5,960	5,794	7,818	7,722	(167)	1,928
Salary & Benefits per FTE - Non-MD	74,169	74,803	79,350	76,603	81,316	4,548	1,965
Compensation Ratio	71.4%	70.5%	70.4%	72.8%	73.0%	-0.1%	2.6%
Capital Cost % of Total Expense	9.1%	8.3%	6.5%	7.0%	4.7%	-1.8%	-1.8%
Liquidity							
Current Ratio	1.8	1.7	2.4	1.3	1.1	0.7	(1.3)
Days Cash on Hand	72.0	80.8	91.8	85.1	77.7	11.0	(14.1)
Cash to Long Term Debt	1.2	1.6	2.7	1.9	2.3	1.1	(0.4)
Payer							
DSH % of Total NPR	1.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Medicaid % of Total NPR (incl. DSH)	9.3%	8.6%	11.7%	9.3%	9.8%	3.1%	-1.9%
Medicare % of Total NPR (incl. DSH)	62.0%	62.1%	59.2%	63.5%	62.3%	-3.0%	3.1%
Commercial % of Total NPR (incl. DSH)	27.3%	29.3%	29.2%	27.2%	28.0%	-0.1%	-1.2%
Employed							
Non-MD FTEs	133.1	125.7	137.2	130.5	140.8	11.4	3.7
Physician FTEs	6.8	8.1	9.1	9.0	9.7	1.1	0.6
Travelers	-	2.9	-	3.9	2.3	(2.9)	2.3
Outpatient							
All Outpatient Visits	20,159	21,653	22,160	18,271	21,011	507	(1,149)
Operating Room Procedure	-	-	-	-	-	-	-
Observation Units	-	-	-	-	-	-	-

1) The hospital is submitting a 5.0% increase in overall rates, earning \$277,000 in NPRs.

a) Will that amount, on average, be the increase that commercial payers will be paying? Describe the different reimbursement agreements you may have when contracting with commercial payers.

b) Your rate schedule shows that \$126,000 of the NPRs will be from commercial and \$116,000 will come from Medicare. I have thought that Medicare reimbursement was not "sensitive" to your rate increase. Discuss why you reported it this way.

2) GCH has submitted a 2.2% NPR increase. They have also budgeted a 20% decrease in utilization.

a) Discuss the challenges you faced in 2015 with staffing and utilization. Describe the challenges estimating the changes in reimbursement.

b) What are the issues you need to address if your budget was more conservative estimating utilization and reimbursement?

c) You identify additional NPRs as coming from your "Commercial ask". You mention your plan to negotiate better reimbursement. Explain your plans for obtaining the improved reimbursement?

3) GCH is seeing some changes in bad debt and free care, going from 5.0% of gross revenue in 2013, 4.1% in 2014, 4.3% in 2015, to 3.4% in 2016. This is favorable. Please discuss these trends.

a) Describe any recent changes you have seen in terms of caseloads, patient coverages, billing disputes, etc.

b) Is GCH free care policy significantly different than other hospitals? Are there any changes in reporting that are influencing this?

4) GCH does not budget for disproportionate share as they have not received any payments the last few years. GCH's revenue mix does not look a lot different than other Vermont hospitals and bad debt and free care is at similar relative levels. Why doesn't GCH qualify for disproportionate share revenues?

- 5) The 2015 projection shows lower NPRs and an operating loss.
a) Are these projections still valid? If not, describe any material changes.
- 6) The age of plant is changing quite dramatically from 2015 to 2016 - almost 6 years. Is this correct? Discuss why this is happening.
- 7) GCH has budgeted \$61,000 higher for the provider tax than the DVHA numbers provided to us. Is this a reporting issue? Can you confirm your provider tax obligation?
- 8) Your rate schedule shows a decrease of \$168,000 in utilization. However, there is a significant reduction in commercial (\$535,000) and Medicaid (\$317,000) but a large increase in Medicare (\$685,000). What are the reasons for these shifts?

Grace Cottage Hospital
PROFIT & LOSS STATEMENT

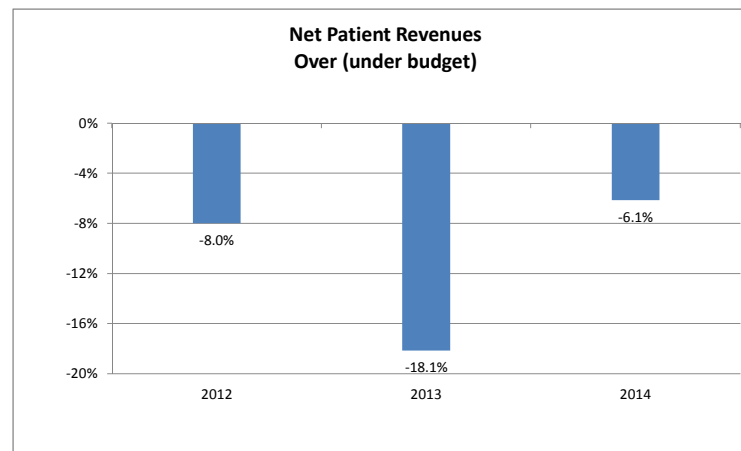
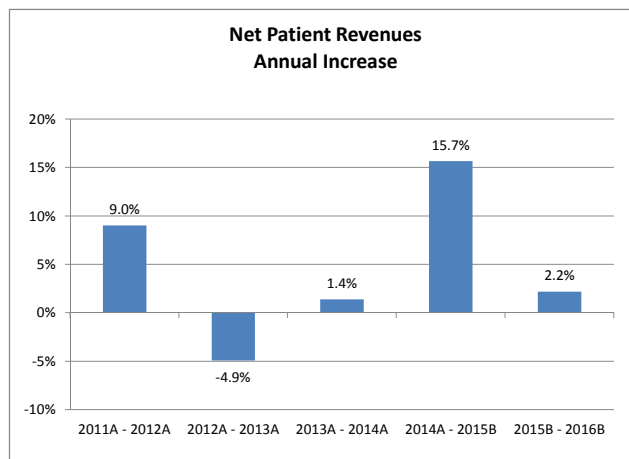
	2014A	2015B	2015P	2016B	2015B-2016B 2016B	
REVENUES						
INPATIENT	\$1,402,704	\$1,458,598	\$1,348,920	\$1,415,116	-\$43,482	-3.0%
OUTPATIENT	\$15,179,207	\$16,707,280	\$11,339,447	\$13,382,456	-\$3,324,824	-19.9%
PHYSICIAN	\$0	\$0	\$3,724,741	\$4,897,353	\$4,897,353	100.0%
CHRONIC REHAB	\$0	\$0	\$0	\$0	\$0	0.0%
SNF/ECF	\$0	\$0	\$0	\$0	\$0	0.0%
SWING BEDS	\$6,398,788	\$6,367,427	\$5,774,156	\$6,077,302	-\$290,125	-4.6%
GROSS PATIENT CARE REVENUE	\$22,980,699	\$24,533,305	\$22,187,264	\$25,772,227	\$1,238,922	5.0%
DISPROPORTIONATE SHARE PAYMENTS	\$0	\$0	\$0	\$0	\$0	0.0%
BAD DEBT	-\$623,521	-\$572,312	-\$507,007	-\$623,933	-\$51,621	-9.0%
FREE CARE	-\$331,918	-\$480,015	-\$202,382	-\$261,236	\$218,779	45.6%
GRADUATE MEDICAL EDUCATION	\$0	\$0	\$0	\$0	\$0	0.0%
DEDUCTIONS FROM REVENUE	-\$6,481,973	-\$5,500,696	-\$5,391,008	-\$6,512,017	-\$1,011,321	-18.4%
NET PATIENT CARE REVENUE	\$15,543,287	\$17,980,282	\$16,086,867	\$18,375,041	\$394,759	2.2%
OTHER OPERATING REVENUE	\$800,262	\$1,046,102	\$934,889	\$1,062,338	\$16,236	1.6%
TOTAL OPERATING REVENUE	\$16,343,549	\$19,026,384	\$17,021,756	\$19,437,379	\$410,995	2.2%
OPERATING EXPENSE						
TOTAL OPERATING EXPENSE	17,479,354	18,904,899	18,259,519	19,969,438	\$1,064,539	5.6%
NET OPERATING INCOME (LOSS)	-\$1,135,805	\$121,485	-\$1,237,763	-\$532,059	-\$653,544	-538.0%
NON-OPERATING REVENUE	\$670,524	\$400,830	\$1,111,757	\$564,157	\$163,327	40.7%
EXCESS (DEFICIT) OF REVENUE OVER EXPENSE	-\$465,281	\$522,315	-\$126,006	\$32,098	-\$490,217	-93.9%

GMCB staff are working with hospitals to consistently align and report the information.

Favorable changes are in free care, but Bad debt is expecting to increase and will be discussed at the hearing.

Higher expenses are driven by salaries, fringe benefits and other (non-salary related) operating expenses.

Operating income is improving from previous years but is still at a loss.



Grace Cottage Hospital**NET PATIENT REVENUE PAYER MIX**

Payer mix describes the reimbursement and patient change that occurs from year to year.

Net Patient Revenue - All	Bud 15 Total	Bud 16 Total	Change
Disproportionate share	\$ -	\$ -	\$ -
Medicaid	\$ 2,096,457	\$ 1,791,906	\$ (304,551)
Medicare	\$ 10,640,129	\$ 11,441,905	\$ 801,776
Commercial/self pay/Wcomp	\$ 5,243,696	\$ 5,141,230	\$ (102,466)
TOTAL	\$ 17,980,282	\$ 18,375,041	\$ 394,759
			2.2%

This schedule presents net patient revenue change for the hospital. Essentially, this is a summary of who will pay the bill for the increases in the budget.

The 2016 budget shows a 2.2% increase over the 2015 budget. The increase is primarily due to rate and commercial ask negotiations. See the narrative for a discussion.

NPR shows a 2.2% increase over the 2015 budget. This increase can be described as follows:

	Millions	% Share
Rate Increase	\$ 0.3	2.2%
Physician Practice Transfers	\$ -	0.0%
Bad Debt/Free Care Improvement	\$ 0.2	1.3%
Disproportionate Share Loss	\$ -	0.0%
Utilization Gain/Loss	\$ (0.2)	-1.3%
Health Care Reform Investments	\$ -	0.0%
Other Change	\$ -	0.0%
	\$ 0.3	2.2%

Grace Cottage Hospital**NET PATIENT REVENUE PAYER MIX**

Payer mix describes the reimbursement and patient change that occurs from year to year.

Net Patient Revenue - Hospital	Bud 15 Total	Bud 16 Total	Change
Disproportionate share	\$ -	\$ -	\$ -
Medicaid	\$ 1,180,017	\$ 950,131	\$ (229,886)
Medicare	\$ 8,719,930	\$ 9,492,828	\$ 772,898
Commercial/self pay/Wcomp	\$ 4,321,045	\$ 4,260,270	\$ (60,775)
TOTAL	\$ 14,220,992	\$ 14,703,229	\$ 482,237

Net Patient Revenue - Physician	Bud 15 Total	Bud 16 Total	Change
Disproportionate share			\$ -
Medicaid	\$ 916,440	\$ 841,775	\$ (74,665)
Medicare	\$ 1,920,199	\$ 1,949,077	\$ 28,878
Commercial/self pay/Wcomp	\$ 922,651	\$ 880,960	\$ (41,691)
TOTAL	\$ 3,759,290	\$ 3,671,812	\$ (87,478)

Net Patient Revenue - All	Bud 15 Total	Bud 16 Total	Change
Disproportionate share	\$ -	\$ -	\$ -
Medicaid	\$ 2,096,457	\$ 1,791,906	\$ (304,551)
Medicare	\$ 10,640,129	\$ 11,441,905	\$ 801,776
Commercial/self pay/Wcomp	\$ 5,243,696	\$ 5,141,230	\$ (102,466)
TOTAL	\$ 17,980,282	\$ 18,375,041	\$ 394,759

This schedule breaks out the net patient revenue change s between hospital and physician services.

You will note that the B15-B16 changes by payer may very well differ significantly when examining hospital vs. physician. This is because price changes, reimbursement, and utilization will differ for those services.

Our analysis finds an increase in Medicare NPR and a decrease in both Commercial and Medicaid. Grace will explain these trends.

Grace does not receive any disproportionate share payments.

Grace Cottage Hospital

RATE TREND AND SOURCE OF REVENUES

Rate is the average change in price for services provided.

	Budget 2013 Approved	Budget 2014 Approved	Budget 2015 Approved	Budget 2016 Submitted	Average Annual 2014-2015
Grace Cottage Hospital	6.5%	6.0%	5.0%	5.0%	5.8%
Weighted Average All Hospitals				4.3%	

	Bud 16 Total	Gross revenue from Rates	Net revenue from Rates	Commercial Payer	Self Pay/Other	Medicaid	Medicare
Hospital Inpatient	5.3%						
Hospital Outpatient	5.3%						
Professional Services	4.0%						
Nursing Home	0.0%						
Home Health	5.3%						
Other	0.0%						
Summary price request	5.0%	\$ 1,118,272	\$ 277,460	\$ 126,940	\$ 21,518	\$ 12,564	\$ 116,438

		Gross Revenue from Other	Net revenue from Other	Commercial Payer	Self Pay/Other	Medicaid	Medicare	DSH
Commercial Ask Negotiations			\$ 117,299	\$ 117,299	\$ -	\$ -	\$ -	\$ -
Utilization			\$ (167,158)	\$ (480,515)	\$ (54,866)	\$ (317,115)	\$ 685,338	\$ -
Physician Acquisition or reduction			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other major program change			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Free care			\$ 218,779	\$ 218,779	\$ -	\$ -	\$ -	\$ -
Bad debt			\$ (51,621)	\$ (51,621)	\$ -	\$ -	\$ -	\$ -
Dispro share change			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other NPR changes			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other changes *			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other changes *			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other changes *			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other changes *			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Summary Other (non-price) request		\$ 120,650	\$ 117,299	\$ (196,058)	\$ (54,866)	\$ (317,115)	\$ 685,338	\$ -
total NPR Increase Due to Price and Other		\$ 1,238,922	\$ 394,759	\$ (69,118)	\$ (33,348)	\$ (304,551)	\$ 801,776	\$ -

The rate increase is 5.0% with 5.3% increases budgeted for inpatient and outpatient services and home health and 4.0% increase for physician services. The rate is expected to increase net patient revenue (NPR) by \$277 thousand of the overall NPR increase of \$395 thousand. GCH also indicates plans to negotiate higher reimbursement from Commercial payers and has identified that as "commercial ask".

The other notable change is the loss of utilization revenues, shifting differently across payers.

Grace Cottage Hospital
UTILIZATION & STAFFING

	2012A	2013A	2014A	2015B	2015P	2016B	B15-B16 Change
Utilization							
ADJUSTED ADMISSIONS	3,301	3,089	2,933	3,263	2,336	2,586	-20.7%
ACUTE ADMISSIONS	173	169	179	194	142	142	-26.8%
AVERAGE LENGTH OF STAY	3.0	3.0	3.1	3.2	3.2	3.2	-1.3%
OUTPATIENT OPERATING ROOM PROCEDURES	-	-	-	-	-	-	0.0%
LABORATORY TESTS	67,869	63,549	63,332	63,699	56,235	63,574	-0.2%
EMERGENCY ROOM VISITS	3,000	2,991	2,536	2,360	2,546	2,546	7.9%
RADIOLOGY-DIAGNOSTIC & CT SCANS	4,702	4,230	4,257	4,154	4,118	4,662	12.2%
MRIs	-	-	-	-	-	-	0.0%
PHYSICIAN OFFICE VISITS	20,323	19,489	20,007	24,287	18,164	22,274	-8.3%
CLINIC VISITS	-	-	-	-	-	-	0.0%

Staffing							
NON-MD FTE	137	133	126	137	130	141	3.7
TRAVELERS	0.3	-	2.9	-	3.9	2.3	2.3
RESIDENTS & FELLOWS	-	-	-	-	-	-	0.0
MLPs	-	-	-	-	-	-	0.0
PHYSICIAN FTES	7.1	6.8	8.1	9.1	9.0	9.7	0.6
TOTAL MD AND NON MD FTES	144.5	139.9	136.7	146.3	143.4	152.8	6.5
SALARY PER FTE - NON-MD	59,201	56,742	59,002	61,287	59,436	61,745	0.7%
SALARY & BENEFIT PER FTE - NON-MD	76,890	74,169	74,803	79,350	76,603	81,316	2.5%
FTES PER ADJUSTED OCCUPIED BED	5.0	5.2	5.0	4.7	6.4	6.2	31.2%
FTES PER 100 ADJUSTED DISCHARGES	4.2	4.3	4.3	4.2	5.6	5.4	29.6%

Budgeted 2016 utilization (adjusted admissions) shows a large decline from 2015 budget levels.

There is also a decrease in length of stay. Grace is budgeting increases in both ER visits and Radiology, and physician office visits are down, as they were in 2015 (as new hires did not start as early as expected).

Non MD staffing is increasing by 3.7 and MDs are increasing by 0.6. Grace's narrative states they are trying to reduce the use of Travelers from the current level of 4 down to 2 by the beginning of fiscal year 2016, which is when they plan to be at full staffing.

Productivity indicators are trending unfavorably.

Grace Cottage Hospital
BALANCE SHEET & INDICATORS

	2014A	2015B	2015P	2016B
Cash & Investments	\$220,593	\$993,563	\$365,323	\$383,590
Total Current Assets	\$3,970,737	\$4,870,769	\$5,042,755	\$4,356,551
Total Board Designated Assets	\$3,433,017	\$3,561,520	\$3,715,216	\$3,783,725
Total Net, Property, Plant And Equipment	\$3,880,812	\$3,685,897	\$3,628,671	\$4,114,032
Other Long-Term Assets	\$0	\$0	\$0	\$0
Total Assets	\$11,284,566	\$12,118,186	\$12,386,642	\$12,254,308
Total Current Liabilities	\$2,338,782	\$2,059,957	\$3,789,955	\$3,910,161
Long-Term Debt	\$2,293,625	\$1,676,262	\$2,070,534	\$1,785,895
Other Noncurrent Liabilities	\$0	\$0	\$0	\$0
Total Fund Balance	\$6,652,159	\$8,381,967	\$6,526,153	\$6,558,252
Total Liabilities and Equities	\$11,284,566	\$12,118,186	\$12,386,642	\$12,254,308

The hospital's overall balance sheet shows cash is decreasing from Budget 2015 levels and Board Designated Assets are increasing.

A slight decrease is expected in net assets (fund balance). Debt is slightly higher.

Hospital				
Net Increase/Decrease in Cash	\$ (64,309)	\$ 273,843	\$ 144,730	\$ (609,973)
Days Cash on Hand	81	92	85	78
Cash to Long Term Debt	1.6	2.7	1.9	2.3
Long Term Debt to Capitalization	25.6%	16.7%	24.1%	21.4%
Debt Service Coverage Ratio	1.6	2.5	0.0	0.4

Cash is expected to decrease in Budget 2016. Debt indicators also show an unfavorable trend as they invest in capital.

System Average				
Net Increase/Decrease in Cash	\$ 54,485,472	\$ 74,776,400	\$ 21,398,061	\$ (11,067,200)
Days Cash on Hand	176	181	185	180
Cash to Long Term Debt	1.9	1.6	1.7	1.7
Long Term Debt to Capitalization	29.6%	32.3%	32.6%	31.3%
Debt Service Coverage Ratio	3.3	3.1	2.9	2.8

Cash on hand less than half the system average.

Debt measures are improving and the debt position is favorable compared to the system.

Grace Cottage Hospital

CAPITAL BUDGET

	2014 Actuals	2015 Budget Approved	2015 Projection	2016 Budget	2017 Plan	2018 Plan	2019 Plan
Non-Certificate of Need Capital Purchases	\$173,772	\$933,169	\$891,173	\$1,271,738	\$1,437,119	\$653,796	\$115,405
Certificate of Need Capital Plans		\$0	\$0	\$0	\$0	\$0	\$0
Total Capital Purchases	\$173,772	\$933,169	\$891,173	\$1,271,738	\$1,437,119	\$653,796	\$115,405

Hospital

Age of Plant (years)	7.7	10.2	10.3	16.0	helps understand the status of all fixed assets
Capital Expenditures to Depreciation	12.5%	81.0%	77.9%	161.7%	helps to understand current level of capital spend
Capital Cost % of Budget	8.3%	6.5%	7.0%	4.7%	helps understand relative share of depr & interest

System Average

Age of Plant (years)	10.2	10.9	11.0	11.9
Capital Expenditures to Depreciation	80.6%	122.4%	131.0%	95.1%
Capital Cost % of Budget	5.9%	6.0%	5.9%	5.8%

Age of plant is trending unfavorably in Bud 16 and is older than the Vermont hospital system. We are checking on the calc of the statistic for 2016.

Grace Cottage's capital expenditures to depreciation is increasing in 2016. Capital cost as % of budget, is decreasing and is less than the system.

All of their capital spending is planned to be Non CON items including both building improvements and equipment with no single items in excess of \$500,000. The largest of these expenditures is \$250,000 for the installation of water source heat pumps in their physician practice building, and is also considered to be a significant energy efficiency project. For the future (2017), a \$1 million facility upgrade to their existing Emergency Department is planned.

	2016 Budget	2017 Plan	2018 Plan	2019 Plan
Non Certificate of Need Detail				
Construction in Progress (Non-CON>\$500K)	\$0	\$0	\$0	\$0
Land & Land Improvements (Non-CON >\$500K)	\$0	\$0	\$0	\$0
Total Buildings & Building Improvements (Non-CON >\$500K)	\$0	\$1,000,000	\$0	\$0
Total Fixed Equipment (Non-CON >\$500K)	\$0	\$0	\$0	\$0
Total Major Movable Equipment (Non-CON >\$500K)	\$0	\$0	\$0	\$0
Other Non CON Items under \$500,000	\$1,271,738	\$ 437,119	\$ 653,796	\$ 115,405
Total Non-Certificate of Need Capital Purchases	\$ 1,271,738	\$ 1,437,119	\$ 653,796	\$ 115,405

Certificate of Need Plans

Total Non-Certificate of Need Capital Purchases (Greater than \$500K)	\$ -	\$ 1,000,000	\$ -	\$ -
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